



NATIONAL ASSOCIATION OF LETTER CARRIERS AFL-CIO

VINCENT R. SOMBROTTO
PRESIDENT

100 INDIANA AVENUE, N.W.
WASHINGTON, D.C. 20001
202/393-4695

STATEMENT

OF

Replacement
~~VINCENT R. SOMBROTTO, PRESIDENT~~
NATIONAL ASSOCIATION OF LETTER CARRIERS

BEFORE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE
U. S. HOUSE OF REPRESENTATIVES

ON

A SUPPLEMENTAL RETIREMENT PLAN

October 23, 1985

CONGRESSIONAL TESTIMONY

MR. CHAIRMAN. MY NAME IS VINCENT R. SOMBROTTO, PRESIDENT OF THE NATIONAL ASSOCIATION OF LETTER CARRIERS, AN ORGANIZATION OF OVER 273,000 MEMBERS. WE REPRESENT BOTH ACTIVE AND RETIRED CITY DELIVERY CARRIERS OF THE UNITED STATES POSTAL SERVICE. I AM ACCOMPANIED BY GEORGE B. GOULD, MY LEGISLATIVE AND POLITICAL ASSISTANT.

BEFORE DISCUSSING THE DETAILS OF THE CIVIL SERVICE SUPPLEMENTAL RETIREMENT PLAN, I WANT TO GET RIGHT TO THE BOTTOM LINE: WE FULLY SUPPORT THE FORD-OAKAR PROPOSAL AND WILL WORK HARD FOR ITS PASSAGE. IT'S BEEN A LONG ROAD, AND YOUR BILL PROVIDES AN EXCELLENT FOUNDATION FOR FUTURE RETIREES. CHAIRMAN FORD, I COMMEND YOU AND YOUR ESTEEMED COLLEAGUE, CHAIR OAKAR, FOR A THOUGHTFUL, REALISTIC PROPOSAL WHICH IS FISCALLY SOUND.

DEVELOPING A DIGNIFIED SUPPLEMENTAL RETIREMENT PLAN FOR POST-1983 HIRES IS A COMPLICATED TASK. I MUST COMPLIMENT THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE, PARTICULARLY SENATORS STEVENS, ROTH, EAGLETON AND GORE, WHO WORKED DILIGENTLY TO COME UP WITH A REASONABLE STARTING POINT. WHILE THEIR BILL, S. 1527, IS NOT ACCEPTABLE TO US, THEY DID THE BEST THEY COULD UNDER PREVAILING CONDITIONS.

THE NALC FULLY CONCURS WITH YOUR DESCRIPTION OF THE FORD-OAKAR PROPOSAL. IT "KEEPS THE FAITH" BY PROVIDING RETIREMENT BENEFITS COMPARABLE TO THOSE UNDER THE CIVIL SERVICE RETIREMENT SYSTEM. WE, TOO, SEEK EQUITY WITH THE CURRENT CSRS. LETTER CARRIERS WORKING SIDE-BY-SIDE SHOULD HAVE SIMILAR RETIREMENT BENEFITS. YOUR BILL PROVIDES THAT FRAMEWORK.

WE HAVE PREVIOUSLY TESTIFIED THAT WE ACCEPT THE

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THREE-TIERED APPROACH OF DEFINED BENEFITS BUILT ONTO THE SOCIAL SECURITY BASE WITH AN OPTIONAL THRIFT PLAN.

BE EMPLOYING THAT THREE-TIERED APPROACH, YOUR BILL MAINTAINS THE RETIREMENT AGE AT 55 WITH 30 YEARS SERVICE, WHICH IS OF VITAL IMPORTANCE TO OUR MEMBERS. WE ARE FIRMLY COMMITTED TO MAINTAINING THIS STANDARD. IT IS A STANDARD WHICH MANY PRIVATE SECTOR FIRMS ARE PHASING INTO THEIR RETIREMENT PLANS. RETIREMENT AGE IS OF PARTICULAR CONCERN TO LETTER CARRIERS, MANY OF WHOM SUFFER FROM BACK AND LEG PROBLEMS AS THEY GET OLDER.

MANY CARRIERS HAVE COMMUNICATED THEIR CONCERN THAT ANY SUPPLEMENTAL RETIREMENT PLAN MAINTAIN THE AVERAGE HIGH-THREE ANNUITY CALCULATION, , WHICH YOUR PROPOSAL CONTAINS. THE HIGH-FIVE PROPOSAL CONTAINED IN S. 1527 WOULD RESULT IN ALMOST A 10% CUT IN THE BASIC ANNUITY OF THE AVERAGE LETTER CARRIER.

FURTHERMORE, OUR RETIREES ARE EXTREMELY SENSITIVE TO INCOME SECURITY. FULL COLAS, AS PROVIDED IN THIS BILL, ARE THE ONLY ANSWER. SINCE THE AVERAGE LETTER CARRIER ANNUITY IS BELOW \$13,000 PER YEAR -- WHICH IS TAXABLE -- COLAS ARE INDISPENSABLE. THIS IS CONSISTENT WITH OUR BELIEF THAT THERE SHOULD BE ONE UNIFORM POLICY GIVING ALL RETIREES SIMILAR AND FULL PROTECTION AGAINST INFLATION. SIMILARLY, AN ADEQUATE RETIREMENT SUPPLEMENT BETWEEN AGES 55 AND 62 -- WHICH YOUR BILL PROVIDES-- IS NECESSARY.

FIFTY-FIVE AND 30, HIGH-THREE AND FULL COLA REPRESENT THE MOST IMPORTANT AREAS IN ANY SUPPLEMENTAL PLAN THAT IS DEVELOPED. AS HAY ASSOCIATES REPORTED, THEY HELP KEEP GOVERNMENT EMPLOYEES

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FROM FALLING FURTHER BEHIND THE PRIVATE SECTOR IN OVERALL COMPENSATION.

THE WELL-BEING OF SPOUSE SURVIVORS IS AN AREA WHICH CAN NOT BE OVERESTIMATED IN ITS VALUE TO BOTH ACTIVE AND RETIRED EMPLOYEES. YOUR BILL PROVIDES A REAL SAFETY NET IN THAT AREA AS WELL AS FULL DISABILITY PROTECTION FOR THOSE CURRENTLY EMPLOYED.

THE NALC SUPPORTS THE CONCEPT OF A THRIFT PLAN AS A NECESSARY FEATURE FOR ANY RETIREMENT SYSTEM TO BE MODERN AND COMPETITIVE. WE WOULD OPPOSE ANY PLAN WHICH COUNTERPOSES THE THRIFT AGAINST MUCH NEEDED DEFINED BENEFITS OR ONE IN WHICH THE THRIFT IS TAILORED TO SERVE ONLY TOP-PAID EMPLOYEES.

WE ARE CONCERNED WITH THE MAKE UP OF THE THRIFT BOARD WHICH GOVERNS THE THRIFT PLAN INVESTMENTS. WE WOULD LIKE THE OPPORTUNITY TO WORK WITH YOU ON A PROPOSAL WHICH WOULD PROVIDE SOUND, ECONOMIC PLANNING.

WHEN A NEW SUPPLEMENTAL SYSTEM IS DEVELOPED, WE WOULD REQUEST THAT TRANSFERS OF PRE-1984 EMPLOYEES INTO THE NEW SYSTEM BE PROHIBITED FOR AT LEAST TWO YEARS SO THAT THE SITUATION CAN BE STUDIED. THE STATE OF MARYLAND, FOR EXAMPLE, HAD DISASTROUS EXPERIENCES WITH IMMEDIATE TRANSFERS. TWO YEARS GIVES TIME TO WORK OUT PROBLEMS AND, AT THAT POINT, THE SITUATION COULD BE RE-EVALUATED.

THERE IS A CHANGE WHICH WE WOULD LIKE TO INCORPORATE INTO THE BILL. WE WOULD LIKE TO SEE THE UNUSED SICK LEAVE CREDIT REMAIN IN SOME FORM. BUT WE UNDERSTAND THAT NOT EVERYTHING IS POSSIBLE AT THIS TIME.

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FINALLY, I WOULD LIKE TO ADD SOME PERSONAL THOUGHTS. A DIGNIFIED RETIREMENT IS NOT A LUXURY. IT IS THE PRICE CITIZENS PAY FOR QUALIFIED GOVERNMENT EMPLOYEES. MANY LETTER CARRIERS DEVOTE MORE THAN 30 YEARS OF THEIR LIFE TO THEIR PROFESSION. COLAs, RETIREMENT AT 55 WITH 30 YEARS SERVICE, HIGH-THREE, SPOUSE SURVIVOR AND DISABILITY BENEFITS REPRESENT MORE THAN JUST A RETIREMENT PLAN. THEY SYMBOLIZE A MODEST -- YET DIGNIFIED -- SIGN OF APPRECIATION FOR THEIR YEARS OF DEDICATED SERVICE.

I CAN SEE FROM YOUR BILL THAT YOU USED EQUITY WITH THE CURRENT CSRS AS YOUR STARTING POINT. ITEMS SUCH AS PRESERVING THE SOCIAL SECURITY TILT DEMONSTRATE THAT YOU ARE SENSITIVE TO THE NEEDS OF LETTER CARRIERS AND APPRECIATE THE HARD WORK THAT WE DO. OUR MEMBERS APPRECIATE THAT.

UNFORTUNATELY, SOME MEMBERS OF CONGRESS AND THE ADMINISTRATION WANT TO THROW OUT BOTH THE BABY AND THE BATH WATER BY DEVELOPING A BARGAIN-BASEMENT SUPPLEMENTAL RETIREMENT PLAN. WELL, YOU GET WHAT YOU PAY FOR. THEY ARE THE SAME PEOPLE WHO COME FORWARD WITH PROPOSALS SUCH AS THE GRAMM-RUDMAN "BALANCED BUDGET." THEY WOULD POISON THE CLIMATE FOR GETTING ANY DECENT SUPPLEMENTAL RETIREMENT PASSED PLAN, THEREBY SACRIFICING A QUALIFIED WORKFORCE AND ECONOMIC SOUNDNESS FOR SHORT-TERM POLITICAL EXPEDIENCY. THEREFORE, I URGE YOU TO ACT QUICKLY ON THIS FORD-OAKAR SUPPLEMENTAL PLAN BEFORE THEY WORK THEIR DEVIOUS WILL.

THANK YOU FOR THIS OPPORTUNITY TO TESTIFY. I WILL BE GLAD TO ANSWER ANY QUESTIONS.